

**U.S. Department of Housing and Urban Development  
Office of Single Family Program Development  
FHA TOTAL Scorecard**

***Frequently Asked Questions***  
Last Updated: November 09, 2004

**BACKGROUND:**

***Q1. What does the FHA TOTAL Scorecard do?***

- A1. TOTAL evaluates the overall creditworthiness of the applicants based on a number of credit variables and, when combined with the functionalities of the AUS, indicates a recommended level of underwriting and documentation to determine a loan's eligibility for insurance by FHA. Taken together, TOTAL and the AUS either conclude that the borrowers' credit and capacity for repayment of the mortgage are acceptable or will refer the loan application to a Direct Endorsement (DE) underwriter for further consideration and review.

***Q2. What does FHA TOTAL Scorecard not do?***

- A2. TOTAL does not:
1. Reject any applications
  2. Review property eligibility
  3. Review maximum mortgage limits
  4. Review LTV
  5. Review the loan for compliance with other FHA Program requirements

***Q3. What does TOTAL stand for?***

- A3. Technology Open To Approved Lenders. Only FHA-approved mortgagees (Direct Endorsement Lenders) are permitted to obtain risk assessments using the TOTAL Mortgage Scorecard.

***Q4. What is the FHA TOTAL Scorecard?***

- A4. The FHA TOTAL Scorecard (TOTAL) was developed by HUD to evaluate the credit risk of FHA loans that are submitted to an automated underwriting system (AUS). Prior to TOTAL, loans were scored against the proprietary scorecards developed by Fannie Mae and Freddie Mac as part of their AUSs. Now, all loans processed through an AUS must be scored against TOTAL. As of August 1, 2004, three AUS providers have the TOTAL Scorecard:
1. Countrywide's *CLUES*
  2. Fannie Mae's *Desktop Underwriter*
  3. Freddie Mac's *Loan Prospector*

***Q5. Why was the TOTAL Scorecard developed?***

- A5. TOTAL was developed for three main reasons. To:
1. Broaden FHA's reach to additional underserved borrowers,
  2. Standardize FHA's credit decisions, and
  3. Enhance FHA's ability to assess and manage risk.

***Q6. Do I have to use the FHA TOTAL Scorecard for all FHA insured mortgages?***

- A6. No, FHA TOTAL Scorecard is only required when you choose to run your loan through an Automated Underwriting System (AUS)

***Q7. Why should I use TOTAL Scorecard?***

- A7. FHA documentation relief and credit policy revisions will be permitted only if the mortgage is risk-scored TOTAL. For a mortgage loan rated as an "Accept/Approve" by TOTAL, a Direct Endorsement underwriter need not certify that he/she has personally reviewed the credit application. These loans do not require the individual underwriter's CHUMS identification number on the Mortgage Credit Analysis Worksheet (MCAW) or the DE Approval (HUD-92900-A, page 3).

**HOW DOES TOTAL SCORECARD WORK?**

***Q8. How does TOTAL work?***

- A8. An FHA-approved lender enters loan application data into the AUS, which transmits the data to TOTAL. TOTAL evaluates the data and issues a credit risk classification, which is returned to the AUS and transmitted to the lender in the AUS's feedback/findings report.

***Q9. What risk classifications does TOTAL recommend?***

- A9. TOTAL will recommend either: "Accept/Approve" or "Refer." For those loans receiving an "Accept/Approve" recommendation, the loan is eligible for FHA endorsement provided that the data entered into the AUS are true, complete and accurate, and the entire loan package meets all of FHA requirements. If the loan receives a "Refer" recommendation, the underwriter must determine if the borrower is creditworthy in accordance with FHA standard credit policies and guidelines.

***Q10. If the loan receives a "Refer" risk classification from TOTAL, does this mean that the borrower will not be able to have an FHA-insured loan?***

- A10. It is FHA's policy that no borrower will be denied an FHA insured mortgage loan solely on the basis of a risk assessment generated by the TOTAL Scorecard.

***Q11. How does TOTAL determine the risk classification?***

- A11. By evaluating the following borrower data:
1. Credit score (FICO score)
  2. Monthly housing expense

3. Number of monthly payments in reserve
4. Loan-to-value ratio (LTV)
5. Loan term

***Q12. What loan characteristics are most likely to receive a “Refer” classification?***

- A12. The precise algorithm used by TOTAL is not public information. In addition to “Refer” decisions based on the algorithm, there are also automatic system overrides that will result in a “Refer” rating:
1. Front-end ratio above an established threshold
  2. Back-end ratio above an established threshold
  3. Bankruptcy within last two years
  4. Foreclosure within last three years
  5. A total of 90 days late mortgage payments (one 90-day-late, one 60- and one 30-days late, or three 30-days-late) within last 12 months.

**PROPERTY AND PROGRAM ELIGIBILITY:**

***Q13. Which lenders may use the FHA TOTAL Scorecard?***

- A13. Direct Endorsement Lenders who have completed the certification (registration) process (see ***Q18*** below).

***Q14. For which programs does FHA TOTAL Scorecard perform credit scoring?***

- A14. TOTAL currently scores loans for the following programs:
1. Purchases
  2. Construction-to-Permanent Mortgages
  3. Regular Credit Qualifying Refinances
  4. Cash-out Refinances
  5. Streamline Refinances (both Credit Qualifying and Non Credit Qualifying)
  6. Credit Qualifying Assumptions

***Q15. For which FHA products does FHA TOTAL Scorecard perform credit scoring?***

- A15. TOTAL currently returns scores for the following loan products:
1. 203(b): Purchase or refinance of principal residence
  2. 234(c): Purchase of condominium unit
  3. 203(h): Rebuilding or purchase of new home in Federally-designated disaster area
  4. 203(k): Rehabilitation and repair of Single Family properties
  5. 251: Purchase or refinance of principal residence with Adjustable Rate Mortgage
  6. 247: Mortgage on homestead lease on Hawaiian Home Lands
  7. EEM: Energy Efficient Mortgage

***Q16. For what property types does the FHA TOTAL Scorecard perform credit scoring?***

A16. TOTAL currently returns scores for the following property types:

1. Single Family Residences (SFR)
2. 1-4 units
3. Manufactured homes
4. Condominiums

***Q17. For what mortgage types does the FHA TOTAL Scorecard perform credit scoring?***

A17. TOTAL currently returns scores for:

1. Fixed Rate Mortgages
2. Adjustable Rate Mortgages (ARMs)

**ACCESSING TOTAL FOR THE FIRST TIME**

***Q18. Why am I receiving the error message, “Lender ID Not Certified to do TOTAL?”***

A18. All lenders—both correspondents and sponsors—must complete the *TOTAL Scorecard Acknowledgement* screen on FHA Connection (FHAC) before using TOTAL. If you receive this message, contact your HOC’s CHUMS Coordinator, who will refer you to your FHA Application Coordinator who is authorized to certify you in FHAC. (This is a one-time process.) The FHA Application Coordinator should complete the following steps:

1. Access FHAC.
2. Go to the *ID Maintenance* Menu.
3. Select the *ID Administration* Screen.
4. Select the *TOTAL Scorecard Acknowledgement* link.
5. Review the terms and conditions for using the Scorecard.
6. Agree to the terms and conditions by checking the *Acknowledgement* check box.
7. Click *Send*

As soon as your FHA Application Coordinator completes this process, which applies at the corporate level, all branches will be able to access TOTAL Scorecard.

***Q19. Once I am certified to use TOTAL, do I need to enter any special data into the AUS?***

A19. To work correctly, TOTAL needs you to enter up to two additional data elements into the AUS:

1. FHA Lender ID
2. FHA Sponsor ID (if the Lender ID is for a loan correspondent)

***Q20. Can a loan be scored by the TOTAL Scorecard if either the Lender ID or the Sponsor ID is invalid?***

A20. No. The lender will receive an error message through the AUS. The relationship between the Lender and the Sponsor is validated when an FHA case number is requested through the FHA Connection.

**LENDER ROLES AND RESPONSIBILITIES:**

***Q21. What is my responsibility when using TOTAL?***

A21. Lenders are responsible for complying with FHA's requirements as stated in interim rule FR-4835-I-01 and other HUD issuances.

***Q22. What if I accidentally enter an incorrect case number?***

A22. Be very careful to double check your case number entry. An incorrect entry could affect two cases. First, you will not see the expected information for the case number you intended to enter. Second, you may access a different, previously entered case—maybe even the case of another lender—and you don't want to change the information about that case.

***Q23. What must I do if TOTAL recommends a risk classification of "Accept/Approve"?***

A23. As with any loan:

1. Ensure that the data entered into the AUS are true, complete and accurate.
2. Verify that the entire loan package meets all FHA requirements.
3. Have a DE Underwriter review the *Uniform Residential Appraisal Report (URAR)* and underwrite the appraisal according to standard FHA guidelines.

***Q24. What must I do if TOTAL recommends a risk classification of "Refer"?***

A24. If the loan receives a "Refer" recommendation, the underwriter must determine if the borrower is creditworthy in accordance with FHA standard credit policies and guidelines. It is FHA's policy that no borrower will be denied an FHA insured mortgage loan solely on the basis of a risk assessment generated by the TOTAL Scorecard.

***Q25. What if the FHA TOTAL Scorecard issues an "Accept" recommendation, but I receive additional derogatory or delinquent credit information that I didn't enter into the AUS?***

A25. You must manually downgrade the loan if additional information, not considered in the AUS decision, affects the overall insurability or eligibility of a mortgage otherwise rated as an "Accept" or "Approve." If the AUS you are using does not provide for a system override, then you are required to manually downgrade the loan to "Refer."

***Q26. What situations may require a manual downgrade of the loan to “Refer”?***

A26. Some of these conditions include:

1. Delinquent federal debt
2. CAIVRS findings
3. Suspensions or debarments
4. Previous mortgage foreclosure
5. Bankruptcy
6. Late mortgage payments
7. Inaccuracies in credit reporting
8. Eligibility issues
9. Unlikely failure of the scorecard or AUS to recognize a derogatory credit variable

**SCORING LOANS IN TOTAL SCORECARD**

**Pre-qualifying**

***Q27. May I use TOTAL to help me pre-qualify a loan?***

A27. Yes, but to use TOTAL for this purpose, enter the loan without the FHA Case Number. If you decide to make the loan, after the loan information is complete add the FHA Case Number and score the loan for endorsement.

**Rescoring**

***Q28. How many times may I score a loan in TOTAL Scorecard?***

A28. You may re-score the loan as often as permitted by your AU vendor before the loan has been endorsed. You may need to re-score after closing, for example, if you never submitted the loan with the FHA Case Number. In that case, you would have to make one final submission post-closing, but prior to endorsement, with the FHA Case Number. Otherwise, you will not be able to enter ZFHA as the underwriter.

Lenders should exercise caution in using TOTAL with the FHA Case Number after loan approval and/or loan closing. Every time a loan is scored through TOTAL with an FHA Case Number, the new scoring data replaces certain key data elements that were previously entered into FHA Connection. This will likely result in a Notice Of Return (NOR) when the case is submitted for insurance endorsement.

***Q29. Are there times when I should re-score a loan?***

A29. Yes. If any information about the loan changes after the loan has been scored, you should always re-score the loan. This practice ensures that the data submitted to TOTAL, and then to CHUMS, is of the best quality possible. The risk of not re-

scoring cases when information changes is that you may be required to manually underwrite the loan post-closing in order to get the loan endorsed.

***Q30. Why am I receiving the error message, “Scorecard SSN Not = CHUMS Value; Verify SSN, Re-score Or Use Manual Underwriting” when I transmit the Insurance Application in FHA Connection (FHAC)?***

A30. The Social Security Number(s) (SSNs) used when scoring the loan through TOTAL must match those entered into FHAC exactly. If they do not, you cannot successfully transmit the Insurance Application. Verify the correct SSNs from the file documentation. If the SSNs in FHAC are correct, but those used to score the loan through TOTAL are not, re-score the loan through TOTAL using the correct SSNs.

***Q31. Why am I receiving the error message, ‘Underwriter ID “ZFHA” Invalid; Case Not Scored through TOTAL Scorecard,’ when I transmit the Insurance Application in FHA Connection? The file contains the AUS feedback sheet with a risk classification of “Accept.”***

A31. If you look at the “Scorecard Decision” field on the Insurance Application, you’ll notice that “Not Scored” has been pre-filled. You may also notice that the “Agency Case Number” field on the AUS feedback sheet is blank. While the loan may have been scored through TOTAL, the FHA case number was not entered at that time. Until the loan has been scored with the FHA Case number, you are not permitted to use ZFHA as the underwriter ID. Re-score the case through TOTAL again, with the FHA case number, and this error message should disappear.

**Different Results from LP TOTAL Scorecard and DU TOTAL Scorecard for the same loan**

***Q32. I scored a loan in LP TOTAL Scorecard and received a “Refer,” then I scored it again using DU TOTAL Scorecard and received an “Accept.” Why does this happen?***

A32. The differences are mostly attributable to the timing and sources of the credit scores you enter. Freddie Mac and Fannie Mae each use different credit reporting providers, which in turn use different credit bureaus. Credit repositories have different data; some may specialize in a reporting a specific type of credit data. Not all credit information is reported to all credit repositories. Additionally HOCs have found that numeric scores differ depending on the repository. This can result in a situation in which DU and LP return different scores.

***Q33. If I score a loan in LP TOTAL Scorecard and again in DU TOTAL Scorecard, and receive a “Refer” from one and an “Accept/Approve” from the other, which score should I use?***

- A33. You may use the “Accept/Approve” score, as long as the loan was scored using exactly the same data in both cases. You must also make sure the entered Underwriting Code reflects the selected AUS. To do this, double-check that the last submission to TOTAL is through the AUS you are using for underwriting purposes.

### **Compliance Checking**

***Q34. Does TOTAL check the loan for compliance with FHA Program requirements?***

- A34. No. TOTAL only scores the borrower(s) credit. The extent of compliance checking depends on the AUS used. Lenders should validate that the loan is in compliance with the FHA Program prior to submitting it for final scoring.

***Q35. My cash-out Refi loan received an “Accept/Approve,” and I am performing my final QA. I notice that the maximum mortgage limit has been exceeded and the LTV ratio exceeds 85%. Why didn’t TOTAL catch this and return a “Refer?”***

- A35. TOTAL doesn’t check all the characteristics of the loan against FHA Program requirements. It only checks the borrower(s) credit, which is the basis for the risk classification.

### **ENDORSEMENT PROCEDURES:**

***Q36. Are the endorsement eligibility requirements different when I use the FHA TOTAL Scorecard?***

- A36. The loan is eligible for FHA’s insurance endorsement if:
1. The AUS rated the mortgage loan application as an “Accept” or “Approve.”
  2. The data entered into the AUS are true, complete and accurate.
  3. The entire loan package meets all other FHA requirements (except for those specifically not required because the loan was evaluated by an approved AUS.)
  4. The Feedback/Findings Report from the AUS is included in the Case Binder.

***Q37. When must I enter the FHA case number?***

- A37. The FHA case number is required on the final submission of data. If FHA’s system of records cannot identify a loan as having been risk-assessed by FHA TOTAL Scorecard, you will not receive the benefits of documentation reduction and credit policy revisions and the loan may be returned to you for manual underwriting.

***Q38. If I use TOTAL, what CHUMS ID should I enter?***

- A38. If you receive an “Accept/Approve,” the CHUMS underwriter ID “ZFHA” automatically will be provided to you by TOTAL. If, when transmitting the Insurance Application in FHA Connection, you receive an error message of,



“ZFHA TOTAL Scorecard Underwriter Not Allowed for this Case,” you should not change the underwriter ID. This error most likely means that there are discrepancies between data in TOTAL and FHA Connection that can be resolved. If the underwriter ID is not ZFHA, the case is not eligible for the documentation waivers associated with a TOTAL “Accept/Approve.”

***Q39. Do I need to add any extra paperwork to the case binder submitted for insurance endorsement for TOTAL loans?***

- A39. The case binder requirements for TOTAL are essentially the same as those for previous AUS cases, except they now refer to TOTAL rather than to DU or LP. There are 3 minor changes:
1. Place the Feedback/Findings report from the AUS on the top of the right hand side of the case binder even if the loan application is referred to a DE underwriter for manual underwriting.
  2. Enter the CHUMS ID, "ZFHA," on the Mortgage Credit Analysis Worksheet (MCAW) and Page 3 of the HUD-92900-A (Addendum to URLA).
  3. The lender's representative must sign Page 3 of the HUD-92900-A.

***Q40. How does using TOTAL reduce my data entry burden?***

- A40. After you submit a loan to FHA TOTAL Scorecard with an FHA Case Number, FHA's insurance application data systems capture that data. This allows the loan information to pre-fill the Insurance Application Screen you must complete within FHA Connection (FHAC). Therefore, use of the FHA TOTAL Scorecard will reduce some of the double entry of data within the AU system and FHAC.

***Q41. What if I don't have credit scores for a borrower?***

- A41. If there is more than one borrower, only one of the borrowers may have no credit scores. Otherwise, the AUS will display an error message indicating that the loan is unscorable because too many borrowers have no score. Note that if the loan is in fact unscorable, you may still do manual underwriting.

***Q42. What happens if I need to update the credit score that was extracted by TOTAL?***

- A42. FHA Connection (FHAC) will not allow manual updates of the credit scores that have come in from TOTAL. That is because these credit scores have been extracted from the borrowers' credit reports. If you believe that the credit scores displayed by FHAC are incorrect, resubmit the loan to TOTAL. If you change the credit scores in FHAC, then you will have to manually underwrite the loan. The assumption is that you now have a different credit report than the one that was submitted to TOTAL.

***Q43. I already entered the credit scores, but when I go back into FHA Connection, they seem to have disappeared. What happened?***

- A43. If you made a correction to both the borrower name and SSN, the FICO scores must be re-entered. This is a check to be sure the actual borrower has not changed.

## **FHA MONITORING**

***Q44. Will loans that receive a “Refer” be flagged for a review by HUD at a higher rate?***

- A44. No. Loans that receive a “refer” will not be flagged for review at a higher rate by HUD. However, HUD requires that lenders provide full manual underwriting for mortgage applicants when TOTAL returns a “Refer” risk score. HUD will conduct post-endorsement technical reviews both of loans scored “Accept/Approve” and those scored “Refer” to ensure that lenders are complying with documentation and other requirements.

## **IMPLEMENTATION UPDATES**

***Q45. Why won’t my original AUS “Z” number work any more?***

- A45. All of those numbers were de-activated as of August 12, 2004. The only valid numbers are:
1. ZFHA (for TOTAL “Accepts/Approves”)
  2. Individual DE Underwriter’s CHUMS ID Numbers

***Q46. I am still working a loan that was scored by either Desktop Underwriter or Loan Prospector before TOTAL became mandatory on May 1, 2004. Do I need to re-score the loan?***

- A46. Effective August 1, 2004, any loans scored through an AUS must be scored with the TOTAL Scorecard. If the loan was initially scored using another scorecard prior to May 1, 2004 and re-scored for the last time prior to August 1, 2004, HUD will accept those results.

***Q47. What new changes are planned for TOTAL?***

- A47. The following changes are planned:
1. The date and result of the latest TOTAL score for a loan will be displayed under the underwriter ID field on the FHAC Insurance Application Screen.
  2. If a loan has been scored by TOTAL and received an “Approve/Accept” risk classification and you decide to manually downgrade the loan, a data entry field will display for you to enter the reason for the downgrade.

## **CONTACT INFORMATION**

***Q48. How do I begin using the FHA TOTAL Scorecard?***

A48. Fannie Mae, Freddie Mac and Countrywide have established interfaces between their automated underwriting systems and the TOTAL Scorecard. For more information, talk with your DU, LP or CLUES contact.

***Q49. Who should I contact for additional information about the FHA TOTAL Scorecard?***

A49. Lenders should contact the individual Homeownership Center (HOC) in their jurisdiction to obtain additional information about the FHA TOTAL Scorecard. Go to the following website to determine which Homeownership Center serves your area: <http://www.hud.gov/offices/hsg/sfh/hoc/hsghocs.cfm>

**Homeownership Center Contact Information:**

|                  |                |
|------------------|----------------|
| Atlanta, GA      | (888) 696-4687 |
| Denver, CO       | (800) 543-9378 |
| Philadelphia, PA | (800) 440-8647 |
| Santa Ana, CA    | (888) 827-5605 |